

Message Text

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67

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /163 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9888

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 05255

E.O. 11652: XGDS 1

TAGS: EGEN, EEC, UK

SUBJECT: EC RENEGOTIATION

SUMMARY: BECAUSE OF THE FRENCH ELECTION, THE UK WILL MAKE ITS DETAILED STATEMENT ON RENEGOTIATION TO THE EC COUNCIL IN JUNE, INSTEAD OF MAY. A KEY FCO OFFICIAL BELIEVES THAT THE ATTITUDES OF SOME BRITISH MINISTERS TOWARD THE COMMUNITY HAVE EVOLVED CONSIDERABLY SINCE THE LABOUR GOVERNMENT CAME TO POWER. IN PARTICULAR, CALLAGHAN HAS BEEN IMPRESSED BY APPROACHES FROM THE CANADIANS AND AUSTRALIANS, WHO HAVE TOLD HIM THAT BRITAIN'S MEMBERSHIP IN THE COMMUNITY IS A GOOD THING NOT ONLY FOR THE UK, BUT FOR AUSTRALIA AND CANADA AS WELL, AND HAVE SAID THEY HOPE
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RENEGOTIATION DOES NOT LEAD TO WITHDRAWAL. ON SPECIFIC RENEGOTIATION ISSUES -- SUCH AS THE EC BUDGET -- THE

BRITISH GOVERNMENT IS TRYING TO DEVISE WAYS TO ATTAIN ITS OBJECTIVES WITHOUT EITHER CHALLENGING ESTABLISHED COMMUNITY PRINCIPLES OR AMENDING THE EC TREATIES. END SUMMARY.

1. IN THE COURSE OF A CALL ON APRIL 26 BY EUR/RPE DIRECTOR PREEG AND EMBASSY OFFICERS, MICHAEL BUTLER (ASSISTANT UNDER SECRETARY, FCO) DISCUSSED THE CURRENT STATE OF PLAY ON EC RENEGOTIATION. WE ALSO DISCUSSED THIS SUBJECT ON APRIL 26 WITH ROBIN O'NEILL, ASSISTANT SECRETARY AT THE CABINET OFFICE. BOTH BUTLER AND O'NEILL HAD BEEN PRESENT AT AN APRIL 25 MEETING OF THE CABINET'S EUROPEAN STRATEGY COMMITTEE, AT WHICH PRIME MINISTER WILSON AND THE MINISTERS IN HMG WITH A DIRECT INTEREST IN EC MATTERS HAD DISCUSSED RENEGOTIATION FOR SEVERAL HOURS. (BUTLER AND O'NEILL MUST BE PROTECTED FULLY AS THE SOURCE OF THE FOLLOWING INFORMATION.)

2. BUTLER SAID THAT BECAUSE OF THE FRENCH ELECTION, THE UK WILL MAKE ITS DETAILED STATEMENT ON RENEGOTIATION AT THE JUNE 4 MEETING OF THE EC COUNCIL, AND NOT AT THE MAY 7 MEETING. BUTLER SAID THAT THE NECESSARY POSITION PAPERS COULD HAVE BEEN READY IN TIME FOR THE MAY MEETING, BUT HE CONSIDERS THAT THE EXTRA MONTH WILL BE USEFUL. IT WILL GIVE THE BRITISH GOVERNMENT A CHANCE TO CONSIDER MORE FULLY BOTH THE SUBSTANCE AND THE TACTICS OF RENEGOTIATION, AND IT WILL ALSO PROVIDE TIME FOR BILATERAL CONSULTATIONS WITH THE OTHER MEMBER STATES. (WE HAVE LEARNED SUBSEQUENTLY THAT BUTLER HIMSELF WILL BEGIN A TOUR OF EC CAPITALS NEXT WEEK TO DISCUSS RENEGOTIATION.)

3. BUTLER SAID THAT THE APRIL 25 MEETING OF THE EUROPEAN STRATEGY COMMITTEE SHOWED HOW FAR THE ATTITUDES OF SOME LABOUR MINISTERS TOWARD THE COMMUNITY HAVE EVOLVED SINCE THIS GOVERNMENT CAME TO POWER. THERE WAS NO LONGER ANY TALK OF AN EMPTY CHAIR POLICY OR OF DISMANTLING THE CAP. FOREIGN SECRETARY CALLAGHAN, IN PARTICULAR, HAS BEEN STRUCK BY THE WAY IN WHICH THE COMMUNITY IS REGARDED BY THE REST OF THE WORLD. ACCORDING TO BUTLER, THE CANADIANS AND AUSTRALIANS HAVE APPROACHED CALLAGHAN TO TELL HIM
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THAT THEY CONSIDER BRITAIN'S MEMBERSHIP IN THE COMMUNITY TO A GOOD THING FOR THE UK, AS WELL AS FOR CANADA AND AUSTRALIA, AND THAT THEY HOPE THAT RENEGOTIATION WILL NOT RESULT IN BRITAIN'S WITHDRAWAL. THESE APPROACHES FROM "OLD COMMONWEALTH" MEMBERS, WHICH ARE ALSO FOOD PRODUCERS, MADE A STRONG IMPRESSION, ACCORDING TO BUTLER.

4. BOTH BUTLER AND O'NEILL SAID THAT BRITAIN'S CONTRIBUTION TO THE EC BUDGET WILL BE THE KEY ISSUE IN RENEGOTIATION, O'NEILL SAID THAT THE GOVERNMENT'S CURRENT THINKING

IS THAT THE PRINCIPLE OF THE COMMUNITY'S "OWN RESOURCES"
SHOULD BE LEFT INTACT, AND THAT A WAY SHOULD BE FOUND TO
LIMIT MEMBER STATE CONTRIBUTIONS IN ACCORDANCE WITH THE
DISTRIBUTION OF THE COMMUNITY'S GNP. THIS COULD REQUIRE
AN AMENDMENT OF THE EC COUNCIL DECISION OF APRIL 1970,
BUT WOULD NOT NECESSARILY MEAN CHANGES IN THE ROME TREATY OR
THE TREATY OF ACCESSION.

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